

1000 SOUTH WASHINGTON AVENUE, SUITE 101
LANSING, MICHIGAN 48910-1647

www.cedam.info

VOICE 517.485.3588

FAX 517.485.3043



**ASSET BUILDING
POLICY PROJECT**

**TESTIMONY FOR THE HOUSE COMMITTEE ON TAX POLICY
IN SUPPORT OF THE MICHIGAN EARNED INCOME TAX CREDIT**

**Ross H. Yednock, Director, Asset Building Policy Project
Community Economic Development Association of Michigan (CEDAM)**

March 22, 2011

Good morning Mr. Chairman and members of the committee. Thank you for the opportunity to speak with you today about the importance of the Michigan Earned Income Tax Credit (EITC) and testify in opposition to its elimination.

My name is Ross H. Yednock and I am the director for the Asset Building Policy Project (ABPP) at the Community Economic Development Association of Michigan (CEDAM). CEDAM is a nonprofit organization representing more than 300 organizations and individuals committed to rebuilding our neighborhoods and revitalizing communities throughout Michigan. It is a voluntary association of primarily community development corporations, community action agencies, and other nonprofits that provide affordable and supportive housing to our neediest citizens, encourage downtown and commercial corridor revitalization, provide workforce and entrepreneurship training, and help families develop and maintain assets to better their lives. CEDAM members provide these services in every county in Michigan—in both urban and rural areas, and CEDAM is host to the Michigan Foreclosure Task Force, the Michigan Rural Network, the Michigan Asset Building Coalition and the Michigan State EITC Coalition (MEIC).

The ABPP at CEDAM strategically coordinates all policy, communication and advocacy efforts of the MEIC, a diverse bipartisan collaborative of nonprofit, private and public organizations, institutions and individuals. MEIC partners are actively engaged in supporting effective strategies to increase access to quality, low, or no-cost income tax preparation services and products through Internal Revenue Service (IRS) certified Volunteer Income Tax Assistance (VITA) sites.

Through the efforts of the members of the MEIC, thousands of Michigan families are able to have their taxes done for free, gain valuable financial information on low-cost financial products and services and avoid being steered into high-cost financial products like refund anticipation loans (RALs) that send millions of Michigan tax refund dollars to out-of-state banks. Members of the MEIC recruit and train hundreds of VITA volunteers to become IRS certified tax preparers. Over the course of this tax season, which is currently in high gear, tens of thousands of Michigan taxpayers will receive more than a billion dollars in relief from state and federal taxes thanks to the dedication and effort of MEIC members.

The members of the MEIC also work to ensure that every eligible Michigan taxpayer can keep more of what they earn. This is particularly important considering that based on IRS estimates, one in five eligible taxpayers will fail to claim this federal credit, leaving up to \$200 million in tax relief in Washington, D.C. and Lansing – money that would give a helping hand to Michigan workers, their families and the communities they call home.

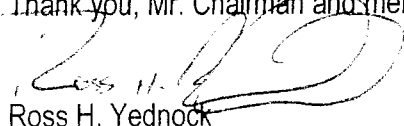
CEDAM and members of the MEIC strongly oppose the elimination of the Michigan EITC. It is a valuable support for Michigan's working families that encourages work, strengthens communities and can help families achieve financial security. The nearly \$1.5 billion in tax relief that both the federal and state EITC provides for working families is critical during to help upward economic mobility and offset regressive state taxes and fees that all Michigan families must pay.

The State of Michigan has in the past appropriated funding to support VITA sites and promote the EITC to working families but in the last two current fiscal years, all state support for EITC outreach and free tax preparation services for low- to moderate income individuals was eliminated. As a result, many un- and under-employed Michigan workers who have experienced a financial hardship and declines in income may not realize they are now eligible for this work support and fail to claim it.

Every day in Michigan, especially in today's economy, we see families struggling to make ends meet. To help support these working families, we must support policies that stimulate our economy, encourage work, and help families achieve self-sufficiency through lasting and sustainable financial security. VITA sites run by MEIC members and the asset building programs offered by CEDAM members are filling the void left by cuts to state programs for thousands of working families in Michigan, a void that will only grow greater with the elimination of the Michigan EITC.

On behalf of both CEDAM and the MEIC's member organizations, and the hundreds of thousands of Michigan families that they serve, I ask that you retain the Michigan EITC and provide tax relief to Michigan's hard working families. Please support the Michigan's working families and the work of MEIC partners by supporting the Michigan EITC, federal and state EITC outreach and other financial capability programs and services offered through the MEIC partners. By supporting these efforts, you will ensure that all eligible workers in Michigan are able to keep more of their hard-earned dollars in their pockets and in the Michigan economy.

Thank you, Mr. Chairman and members of the committee.



Ross H. Yednock

Director, Asset Building Policy Project

The Community Economic Development Association of Michigan